

Message Text

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ACTION AF-10

INFO OCT-01 EUR-12 ISO-00 EB-08 AID-05 TRSE-00 OMB-01
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NSC-05 PA-01 SP-02 SS-15 ICA-11 /090 W
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FM AMEMBASSY ADDIS ABABA
TO SECSTATE WASHDC 8945
INFO AMEMBASSY BRUSSELS
AMEMBASSY ROME

C O N F I D E N T I A L ADDIS ABABA 2976

E.O. 11652: GDS
TAGS: EINV, PEPR, ET, IT
SUBJ: ITALIAN ASSISTANCE TO ETHIOPIA

REF: A) ADDIS ABABA A-0028 B) ADDIS ABABA 2214

1. SUMMARY. SINCE THE DEPARTURE OF THE ITALIAN MISSION TO ETHIOPIA (MAY 9 - 12, 1978), THERE HAS BEEN LITTLE FORWARD MOTION TOWARD IMPLEMENTING THE VARIOUS ECONOMIC AND TECHNICAL ASSISTANCE PROGRAMS OUTLINED IN THE JOINT ETHIOPIAN/ITALIAN COMMUNIQUE OF MAY 12,

1978. NEITHER THE ETHIOPIANS NOR THE ITALIANS APPEAR TO BE IN A HURRY TO EXECUTE THE AGREEMENTS. END SUMMARY.

2. DURING JULY 6 CONVERSATION WITH US EMBOFF, ITALIAN EMBOFF NOTED THAT THERE HAS BEEN LITTLE PROGRESS IN IMPLEMENTING THE AGREEMENTS OUTLINED IN THE JOINT ETHIOPIAN/ITALIAN COMMUNIQUE OF MAY 12, 1978 (SEE REF A). THE TWO MAJOR PROGRAMS MENTIONED IN THE COMMUNIQUE INVOLVE A US \$10 MILLION SOFT LOAN (3 PERCENT) FOR DEVELOPMENT PROJECTS AND US\$15 MILLION CREDIT FACILITIES (7-8 PERCENT) TIED TO PURCHASES OF ITALIAN GOODS AND SERVICES. THE FORMER IS TO BE DISPENSED THROUGH A NEW ITALIAN ASSISTANCE ORGANIZATION
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NOW BEING ESTABLISHED AND THERE IS LITTLE POSSIBILITY OF THE LOAN BEING EXTENDED PRIOR TO MID-1979.
MOREOVER, NEITHER PROGRAM WILL BE IMPLEMENTED PRIOR TO THE RESOLUTION OF A 5 BILLION LIRA DEBT (US \$5.9 MILLION) OWED BY ETHIOPIA TO THE ITALIAN GOVERNMENT. (THIS LARGE DEBT WILL LIKELY BE SOMEWHAT REDUCED AND PAYMENT TERMS RENEGOTIATED, BUT LITTLE PROGRESS TOWARD

THIS END HAS BEEN MADE TO DATE.)

3. THUS FAR THE ITALIAN OFFER (SEE REF A) TO DONATE 10,000 MT OF CEREALS AND US \$10,000 WORTH OF MEDICINES HAS NOT BEEN ACTED UPON BY THE THIOPIANS. AS FOR TECHNICAL ASSISTANCE PROGRAMS, THESE REMAIN UNDER DISCUSSION.

4. THE ITALIAN MISSION HAD NOT PLANNED TO BRING UP THE QUESTION OF COMPENSATION FOR NATIONALIZED PROPERTIES; IT AROSE, HOWEVER, ON THE INITIATIVE OF THE ETHIOPIANS. SECOND LT. GESSESSE WOLDE-KIDAN REAFFIRMED THE PMGSE'S INTENTION TO COMPENSATE ALL JUSTIFIABLE CLAIMS, BUT NOTED THAT THE GOVERNMENT CURRENTLY DID NOT HAVE THE FUNDS TO DO SO, AND THAT IN ANY CASE, THE INVESTIGATION OF PENDING CLAIMS HAD NOT BEEN COMPLETED. MATHERON

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Message Attributes

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